

KENTUCKY STATE FAIR BOARD

2013 ANNUAL REPORT

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Dear Friends:

In this report, you will find the successes of the Kentucky State Fair Board for 2013. Throughout the year, the Fair Board continued its long-term strategy and commitment to produce outstanding events while seeking to capture new business and economic growth for the Commonwealth.

Whether it was top trade shows at the Kentucky Exposition Center, the return of the National FFA Convention which occupied both the exposition center and the Kentucky International Convention Center, or the increased attendance at this year's state fair, the board worked overtime to fulfill its mission.

Additionally, I commend the board for working with all interested parties to solidify an agreement to reopen Kentucky Kingdom. The board will play a key role in overseeing improvements as the park opens in 2014.

Our Tourism, Arts and Heritage Cabinet continued to work closely with the Board to encourage visitors to our state to seek new and enriching experiences and entertainment. As you will find in this report, those efforts remain successful.

Congratulations to President and CEO Rip Rippetoe and Chairman Mark Lynn for their successful first year. Thanks to the Fair Board and staff for the accomplishments that are vital to our growing tourism industry in Kentucky.

Sincerely,

Steven L. Beshear
Governor

Dear Friends and Partners:

The 2013 Annual Report highlights the growth and accomplishments of the Kentucky State Fair Board and the two world-class facilities we operate and manage: the Kentucky Exposition Center and the Kentucky International Convention Center.

This year's business was driven by establishing a long-term strategy, reflecting the strength of what the Kentucky State Fair Board represents and building on the economic impact for the commonwealth. We are now making improvements to ensure that we continue to find new ways to capture the imagination of the thousands who walk through our doors with experiences that exceed expectations and become unforgettable memories.

We remain committed to the foundation of attracting new business, spurring economic growth and producing first-class events for our local, national and international visitors. As an agency of the Tourism, Arts and Heritage Cabinet, the Fair Board is a vital contributor to the strength of the tourism industry and economic development of the commonwealth.

And yet as another year begins anew, more challenges remain to be faced. With the solutions planned to address them, the agency can look forward and say that the future remains ever-hopeful in the efforts to move toward financial stability and bring business and entertainment to this region and commonwealth.

Clifford "Rip" Rippetoe
President & CEO

Dr. Mark Lynn
Chairman

OUR BUSINESS

In 1902 the Kentucky General Assembly passed a bill stating the provision of “an annual state fair for the exhibition of agricultural, mechanical, horticultural, dairy, forestry, poultry, and livestock products be, and the same is hereby created to be known as the Kentucky State Fair.” The Kentucky State Board of Agriculture became the governing body to implement and maintain this endeavor until 1938 when the Kentucky State Fair Board was created.

The Fair Board is comprised of gubernatorial appointments, members of university administrations, representing associations and leaders from around the state. Exceeding

expectations, the Kentucky State Fair Board not only proved successful, but now generates nearly \$460 million annually in economic impact for the community and commonwealth.

The Kentucky State Fair Board manages the Kentucky Exposition Center, a 1.2 million square foot facility and the Kentucky International Convention Center, a 300,000 square foot downtown convention center. The Board also produces three shows each year: the Kentucky State Fair, the National Farm Machinery Show and the North American International Livestock Exposition.

OUR MISSION AND OUR PURPOSE

The Kentucky State Fair Board shall promote the progress of the Commonwealth of Kentucky and stimulate public interest in the advantages and development of the Commonwealth by providing the Kentucky Exposition Center and the Kentucky International Convention Center for exhibitions, conventions, trade shows, public gatherings, cultural activities, and other functions. In managing these two facilities, the Kentucky State Fair Board resolves to advance Kentucky's tourism industry and economy while

serving the entertainment, cultural and educational interests of the public.

The agency's purpose is to honor our agricultural heritage and advance the commonwealth's tourism industry and economy by providing entertainment, trade shows, conventions and public gatherings. The ability to deliver quality service rests on the agency's core values of integrity, service, courage and accountability.





Our goal is to
create the best

**CUSTOMER
EXPERIENCE**

possible.

ABOUT THE KENTUCKY STATE FAIR BOARD

In the competitive world of trade shows and conventions, the Kentucky State Fair Board continues to grow and evolve, adding new shows each year while nurturing long-term relationships with events that keep returning.

With two major facilities – the Kentucky Exposition Center, a 1.2 million square foot facility adjacent to the Louisville International Airport and the Kentucky International Convention Center, a 300,000 square foot downtown convention center – the Kentucky State Fair Board is unique in the nation. The proximity to the airport and downtown Louisville, gives the Fair Board an advantage over most competitors, and the two facilities provide the flexibility to offer customers different experiences based on their event's specific needs.

For 2013, Kentucky State Fair Board-operated facilities hosted 22 of the top 25 conventions and trade shows in Louisville. Currently, more than 360 events occur annually within the walls of the Kentucky State Fair Board-managed properties resulting in approximately \$460 million in economic impact.

The Fair Board also produces three major shows each year: the Kentucky State Fair, the National Farm Machinery Show and the North American International Livestock Exposition. These shows are the premier events in their industries, attracting exhibitors and visitors from around the world and creating an experience that is unmatched. In addition to managing venues and producing shows, the Kentucky State Fair Board generates revenue through leasing more than a dozen properties, including hotels, restaurants and parking garages.

The Kentucky State Fair Board is always seeking new business that will boost the economy of Louisville and the Commonwealth as a whole. As a business, we strive to improve and innovate, creating a top-of-the-line event experience that can compete with any venue in the country.

BOARD MEMBERS

Steve Beshear, Governor, Commonwealth of Kentucky

Bob Stewart, Secretary of Tourism, Arts and Heritage Cabinet, Frankfort

Dr. Mark E. Lynn, Chairman, Louisville

Mike Libs, Vice Chairman, Philpot

James Comer, Commissioner of Agriculture, Tompkinsville

Dr. M. Scott Smith, Dean & Director, College of Agriculture, University of Kentucky, Lexington

Ronald L. Carmicle, Louisville

Anna Jane Cave, Glendale

Marshall Coyle, Owingsville

Gib Gosser, Somerset

Lanny Greer, Manchester

Ann McBrayer, Lexington

Steve Pence, Louisville

Fred Sarver, Paris

Thomas J. Schifano, Louisville

William B. Tolle, Maysville

KENTUCKY EXPOSITION CENTER

TOP-RANKED SHOWS

The Kentucky Exposition Center continues to attract many of the most respected trade shows in the country, hosting 16 of the area's top trade shows and four of the top 100 trade shows in the country. As the sixth largest facility in the United States, the Kentucky Exposition Center creates a massive economic impact and brings both visitors and new business to Louisville every year.

FOR THE INDUSTRY

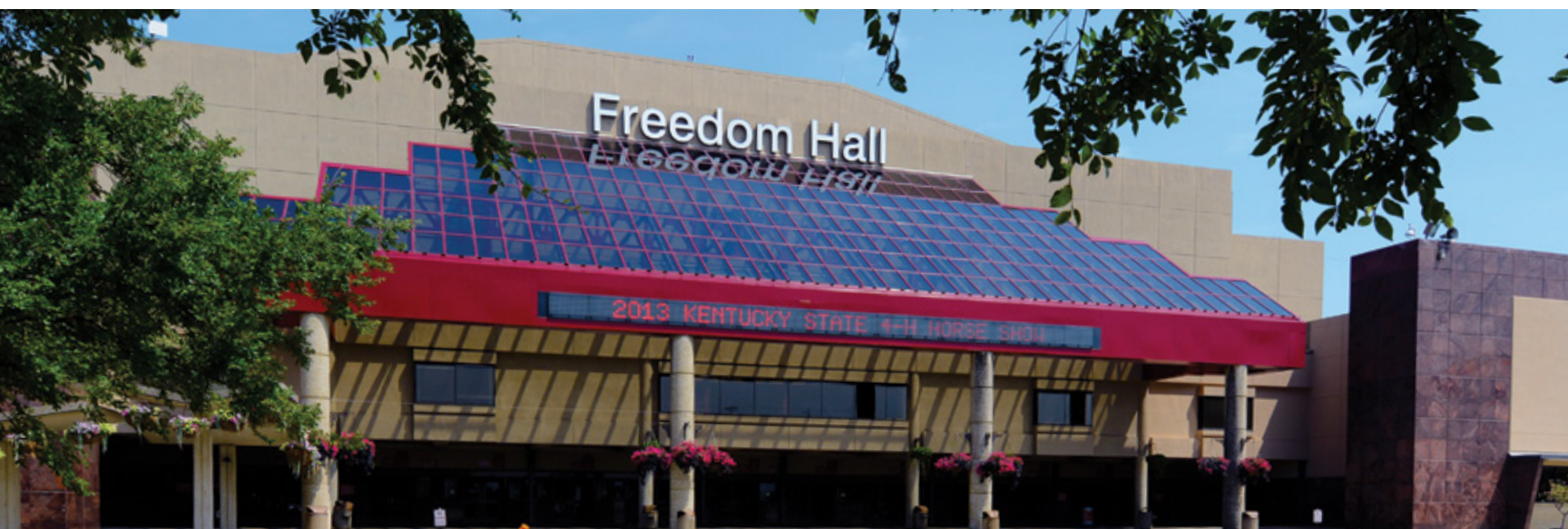
Industry-only trade shows thrived in 2013. The Mid-America Trucking Show started its sixth decade bringing 70,000 attendees from all 50 states and 70 countries. The International Construction and Utility Equipment Exposition surpassed attendance expectations, drawing 17,500 attendees, the second largest crowd in the history of the event. The FFA National Convention made their return to Louisville, which last hosted the convention from 1999-2005, bringing a record total of 62,998 people, filling hotels in a 75-mile radius and creating an economic impact of \$40 million.

SPORTING EVENTS

Sporting events made a profitable reincarnation on the Kentucky Exposition Center calendar. In 2013, the Kentucky Xtreme arena football team, NCAA Division II Elite 8 Basketball Championships, BMX Bluegrass Nationals, Kentucky Derby Festival Basketball Classic and the Kentucky vs. Indiana All-Star Challenge all played to cheering fans in Freedom Hall. The National Wheelchair Basketball Association played to a sell-out crowd in South Wing C at the Kentucky Exposition Center. Throughout the year, fans could also experience the excitement of archery, volleyball, women's football and gymnastics.

FAMILY-FRIENDLY ENTERTAINMENT

Plenty of family-friendly entertainment filled the halls and stadiums at the Kentucky Exposition Center. The popular Lego Kidsfest built a Lego playland, selling out almost every session and attracting families from across Kentucky and the region. The monster trucks of Monster Jam, musicians of the Winter Jam tour and wrestlers from all over, brought their shows to the Kentucky Exposition Center. The Kosair Shrine Circus and UniverSOUL circus rolled into town bringing the excitement of the Big Top to Louisville.





We value
what you value:

**CONVENIENCE,
HOSPITALITY AND
VERSATILITY.**

BY THE NUMBERS

KENTUCKY EXPOSITION CENTER

BMX Bluegrass Nationals
in its first year brought

1,400

competitors from

45

states to Freedom Hall.

5

flea markets, including the largest free Christmas
show in America, brought in more than

8,800

arts and crafts and antique booths into
the Kentucky Exposition Center this year.

23

area high schools from

3

counties held their graduations
at the Kentucky Exposition Center.

Winter Blitz, the annual youth conference of the United
Methodist Church of Kentucky, brought more than

3,000

youth to Louisville for a weekend
of music, fellowship, fun and worship.

Carl Casper Custom
Auto Show celebrated its

50th

anniversary at the
Kentucky Exposition Center.

640

teams came for the JVA World
Challenge Volleyball Tournament, one of

3

volleyball tournaments held at
the exposition center this year.

KENTUCKY INTERNATIONAL CONVENTION CENTER

ADAPTED FOR ANY SHOW

The Kentucky International Convention Center continues to serve as the downtown venue of choice for conventions, meetings and conferences. In 2013, the 300,000 square foot facility hosted events ranging from FandomFest to the National Mary Kay Conference to the Amazon.com Holiday Party.

STEPS TOWARD SUSTAINABILITY

The Kentucky International Convention Center can be transformed, modified and adjusted to meet the needs of unique conventions or events in downtown Louisville. In June, the 2013 General Assembly of the Unitarian Universalist Association was held at the convention center. More than 3,500 Unitarian Universalists from around the world gathered for five days of worship and educational workshops. At the request of convention management, the convention center took steps toward sustainability by minimizing the use of lighting, lowering waste by providing drinks and condiments in large containers rather than individual serving sizes and eliminated the use of Styrofoam and plastic.

RECORD ATTENDANCE

This year was a record setting year for the Kentucky International Convention Center. In July alone, attendance reached 157,510, more than three times the average attendance for July. The economic impact for that month was over \$21 million.

SPORTING EVENTS

The convention center hosted numerous sporting events from archery to cheerleading to fencing and many more. The 2013 Ironman Expo and the Kentucky Derby Festival Marathon Expo brought more than 16,000 athletes into the convention center. Forty teams filled the facility to compete for the United States Quad Rugby Association Wheelchair Rugby National title.

NATIONAL FFA CONVENTION

The convention center, along with the Kentucky Exposition Center and the KFC YUM! Center hosted the National FFA Convention. As the largest convention in Louisville for 2013, all three facilities worked together to host more than 62,000 students and advisors during the four-day convention that brought in \$40 million in economic impact.



BY THE NUMBERS

KENTUCKY INTERNATIONAL CONVENTION CENTER

62,998 students and advisors utilized **133** hotels during the four-day FFA National Convention.

During the Unitarian Universalist Convention, **67.5** metric tons of carbon emissions were avoided through a sustainability program, double the amount in 2012.

At the 2013 US Acrobatic Gymnastic Championships, nearly **1,000** acrobatic gymnasts combined the beauty of dance with the strength and agility of acrobatics.

FandomFest brought in **49** celebrities, more than **50,000** fans and **\$2.5** million in economic impact during the three-day event.

16,424 athletes came to the Kentucky International Convention Center for the Ironman and Kentucky Derby Festival Marathon and miniMarathon Expos.

NATIONAL FARM MACHINERY SHOW

The National Farm Machinery continues to thrive, growing each year and bringing farmers, dealers and manufacturers to the Kentucky Exposition Center. As the agriculture industry changes, the National Farm Machinery Show remains on the forefront of agriculture innovations with all the workshops, equipment and technology that farmers need to compete in the modern marketplace.

The 48th annual show was a record-setting year for the National Farm Machinery Show. The event hosted 307,906 attendees, the second highest in the 48 years of the event, and exhibitor revenue reached \$4.5 million for the first

time in the show's history. Nearly 870 exhibitors filled all 1.2 million square feet of the Kentucky Exposition Center, making the largest indoor farm show in the country even more comprehensive than ever before. In addition, the always-popular Championship Tractor Pull drew cheering crowds to the 45th annual event with ticket revenue increasing over 2012.

As the third largest trade show in the Louisville area, the National Farm Machinery Show generates more than \$21.5 million of economic impact annually and is one of the most popular public events at the Kentucky Exposition Center.

BY THE NUMBERS

Exhibitor revenue increased **15.4%** from the previous year.

Nearly all of the **868** exhibitor spaces were sold out one year in advance.

188 drivers competed at the 2013 Championship Tractor Pull in **8** classes over **5** sessions.

More than **2.7** million people have attended in the last 9 years.





TRADITIONS meet
FRESH IDEAS.

That's why we're here.

KENTUCKY STATE FAIR

For 11 days, Kentucky celebrates music, art, culture, agriculture and entertainment at the commonwealth's largest summertime attraction, the Kentucky State Fair. The 109th Fair drew in 615,648 visitors, up from last year's attendance, and brought in approximately \$16.5 million in economic impact to the city of Louisville. In 2013, the Fair introduced a new free and reduced weekend parking plan and an updated setup for the free concerts on the Cardinal Stadium turf.

Crowds continued to travel to the Kentucky State Fair for reasons unique to each individual. Some take it as a chance to show off their creative talents from baking to Christmas tree decorating. Proud farmers display their livestock and young 4H/FFA members compete for Sale of Champion winnings. Others get health screenings or indulge in huge ears of corn. And others will simply continue the long-standing tradition of spending time with family and friends. No matter the reason, the Kentucky State Fair is a chance for our state to promote the talent of the commonwealth and showcase the true colors of the Bluegrass State.

BY THE NUMBERS

In just **11** days, the Kentucky State Fair Facebook page reached **868,890** people.

56,939 entries competed in **29** categories, a **5.7%** increase from 2012.

Health Horizons exhibitors provided **13,292** total health screenings.

615,648 fairgoers visited the Fair, an increase from 2012.

5,077 area students came to the Kentucky State Fair for an educational field trip.

NORTH AMERICAN INTERNATIONAL LIVESTOCK EXPOSITION

Celebrating its 40th anniversary as the world's largest purebred livestock show, the North American International Livestock Exposition integrates world-renowned sales, cattle auctions and numerous programs for youth and collegiate contestants. Ten different species of livestock compete at the exposition, with the purebred beef and

sheep events being the largest in the world. The North American Championship Rodeo accompanies the event featuring the Great Lakes Circuit regional finals of the Pro Rodeo Cowboys Association. The economic impact totals \$11.6 million over the course of the 13-day show.

BY THE NUMBERS

Competitive entries reached a record high of **26,781** for the livestock exposition.

Live web streaming hit a record high, increasing **21%** from 2012.

This year's Sale of Champions money increased **7%** from 2012, totaling **\$93,000.**

Attendees and exhibitors from **4** continents and **9** countries participated including Australia, Costa Rica, Ireland and Scotland.





Our facilities
are why people

**COME, STAY AND
VISIT LOUISVILLE.**

CAPITAL PROJECTS

The Kentucky State Fair Board continues to improve the quality of life for all patrons. These projects help maintain the facilities to serve the needs of the community for many years to come. Capital projects are long-term investments including a major maintenance or rehabilitation project for existing facilities.

COMPLETED

- East Hall lighting project - \$185,000
- Replace fluorescent fixtures with induction fixtures
- Wind storm damage repairs - \$155,799
- Repairs include gates, light poles, transformers, Freedom Hall exterior
- East Hall conference room and hallway lighting - \$28,000
- Upgraded lighting
- West Hall corridor lighting - \$9,500
- Concrete work - \$35,000
- Upgrade concrete on South Wing A front porch and West Wing corner lot

IN PROGRESS

- ESCO Project 2 - \$10.5 million
- To save energy and reduce maintenance costs
- Hail damage repairs - \$16 million (covered by insurance)
- Repairs include horse barns, outdoor restrooms, roofs, building and tollbooths
- West Wing roof warranty repairs - In development
- Repairs to address the long-term protection of the building

FINANCIAL OVERLOOK

FISCAL YEAR 2012-2013*

REVENUES	KEC	KICC
Event Income	34,800,000	3,273,000
Other Income	515,000	190,000
Parking Garage Income	N/A	2,237,000
TOTAL	35,315,000	5,700,000
EXPENSES	KEC	KICC
Direct Event Costs	17,425,000	697,000
Administrative Costs	4,134,000	1,078,000
Maintenance Costs	10,719,000	2,853,000
TOTAL	32,278,000	4,628,000
Net Income From Operations (before depreciation)	3,017,000	1,072,000

KENTUCKY STATE FAIR BOARD INCOME (TOTALS)

Direct Event Income	40,310,000
Rental Income from Long-term Lease	1,604,000
Other Operating Income	6,607,000
TOTAL	48,521,000

KENTUCKY STATE FAIR BOARD EXPENSES (TOTALS)

Kentucky Exposition Center	32,278,000
Kentucky International Convention Center	4,628,000
General Administrative & Sales Expenses	6,560,000
Bond Interest Expense	2,485,000
TOTAL	45,951,000

**Net Income From Operations
(before depreciation)**** **2,570,000**

KENTUCKY STATE FAIR BOARD NET INCOME RESULTS

Net Income (before depreciation)**	2,570,000
Depreciation	(9,728,000)
Net Income***	(7,158,000)

* Source of data is the Kentucky State Fair Board Audit Report through fiscal year ending June 30, 2013.

** The operating net income results revenues and expenditures before accounting deductions for depreciation.

*** The principal amount of debt service and lease payment of \$3.5 million is not included in net income results.



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